



Date: January 11, 2010

Re: Notice of Full Enforcement of the Importer Security Filing (10+2) on Jan. 26, 2010

Dear Importer and Valued Customer:

As it was announced, full enforcement for the Importer Security Filing (ISF, commonly known as "10+2") will begin on Jan. 26, 2010. U.S. Customs and Border Protection (CBP) will begin issuing liquidated damage penalties for non-compliance with ISF requirements. Under the ISF Ruling, importers are liable for a maximum of \$10,000 per ISF transmission for the following reasons:

- **Late Filing:** \$5,000 if the ISF is not filed at least 24 hours prior to the vessel departure. This includes untimely filing of an ISF update and/or flexible ISF option.
- **Inaccurate Filing:** \$5,000 per inaccurate and/or incomplete ISF if any of the data elements are missing. This includes if the Bill of Lading (BOL) is missing and/or does not match with the ISF transmission 24 hours prior to vessel departure. The BOL must provide the lowest AMS denomination of the cargo (i.e. AMS House BOL)
- **Amended Filing:** \$5,000 for any inaccurate ISF update including an incorrect update to a flexible filing.

Responsibility for Liquidated Damage Penalties Relies with Importer of Record

Ultimate responsibility for ISF filing and correctness of the data rests with you, as the importer of record (IOR), regardless of your ISF arrangement with any related parties such as your vendors, selling agents, freight forwarder and/or customs broker.

Customs Bonds are not insurance and do not relieve an IOR of obligations to comply with CBP regulations, which state that importers are required to post a bond "to protect the revenue of the United States and to assure compliance with any pertinent law, regulation or instruction." The surety company issuing the bond guarantees that the importer will comply with CBP regulations. If the surety is forced to pay CBP because the importer receives a claim for liquidated damages, the surety has the legal right to demand reimbursement from the bond principal and file legal proceedings if necessary.

ISF Bonding Obligations and Limited Your Exposure to ISF Penalties

All ISF filings must be posted with the IOR's bond. All ocean importers are required to maintain a bond to guarantee ISF compliance. The ISF bond is not insurance and the importer is fully responsible for any ISF penalties as the bond principal. Although the IOR is liable for any ISF penalties, you can minimize your exposure by securing a Continuous Import Bond.

Continuous Import Bond: It can be obtained by completing and signing the enclosed application and indemnity agreement that is required by our designated surety company. The bond amount is based on 10% of your annual duties and fees, subject to a \$50,000 minimum bond amount. Customs requires 10 days notice to review your application and process your bond, so your application must be returned before Jan. 16, 2010. Once a Continuous Import Bond is in force, it will renew each year unless terminated and also covers all your entry activity through any Customs port.

Single Entry Bond: If you do not secure a Continuous Import Bond, Customs regulations requests you to post and pay for a separate ISF Bond subject to a \$10,000 bond minimum for each filing. The multiple aggregation of each ISF Bond increases your exposure to ISF penalties, which can be assessed up to \$10,000 per any one ISF transmission. Please note, the surety firm may ask the IOR to secure collateral with Letter of Guarantee from a bank or cash deposit in advance. The ISF Single Entry Bond only covers the ISF and does not cover the actual entry.

Don't Delay, ISF Enforcement is Here

PGL LLC can be your ISF Filer and will assist you in compliance with this ruling. Please call 773-338-3335 or email ops@pgl-llc.com for detailed information.

Our cut-off time to receive the completed ISF filing data with AMS House BOL number and necessary shipping documents in completion is 72 hours before vessel departure from the foreign port. The correction data must be sent to us at least 48 hours before departure.

If these conditions are not met but the IOR still requests us to file the ISF, we will do so but **PGL LLC will not take any responsibility for subsequent ISF penalties due to this error.**

Best Regards,

ISF Team – Pride Global Logistics LLC